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JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO

Report by the Director-General

In compliance with Board decision IDB.24/Dec.11, reports on JIU recommendations relevant to UNIDO in the period 2000-2001.

Introduction

1. Having taken note of the pilot scheme of follow-up to recommendations of the Joint Inspection Unit (JIU) outlined in document IDB.24/18, the Board at its twenty-fourth session approved the pilot scheme (IDB.24/Dec.11). In accordance with the provisions therein, one regular Board session per year will consider JIU reports (except in certain specified cases).

2. A total of 14 JIU reports were issued during 2000 and 2001[1] since the last Board document covering JIU reports (IDB.22/6 and Add.1). In 2000, the JIU issued nine reports:

JIU/REP/2000/1	Administration of justice at the United Nations
JIU/REP/2000/2	The use of consultants in the United Nations
JIU/REP/2000/3	Senior-level appointments in the United Nations, its programmes and funds
JIU/REP/2000/4	Review of management and administration in the United Nations Educational, Scientific and Cultural Organization (UNESCO)
JIU/REP/2000/5	United Nations system common services at Geneva. Part II: Case studies
JIU/REP/2000/6	Delegation of authority for the management of human and financial resources in the United Nations Secretariat
JIU/REP/2000/7	Young Professionals in selected organizations of the United Nations system: Recruitment, management and retention
JIU/REP/2000/8	Review of management and administration in the registry of the International Court of Justice
JIU/REP/2000/9*	Strengthening the investigations function in United Nations system organizations

[1] JIU documents are accessible in English, French and Spanish on the Internet at www.unsystem.org/jiu/Reports/html.

* Indicates a report of direct relevance to UNIDO, copies of which are available from documents distribution.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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3. In 2001, the JIU issued a total of five reports:

JIU/REP/2001/1	Management of buildings: Practices of selected United Nations system organizations relevant to the renovation of the United Nations Headquarters
JIU/REP/2001/2*	United Nations system support for science and technology in Latin America and the Caribbean
JIU/REP/2001/3	Review of management and administration in the International Telecommunication Union
JIU/REP/2001/4*	Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports
JIU/REP/2001/5	Review of management and administration in the World Health Organization (WHO)

I. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT RELEVANCE TO UNIDO

A. Strengthening the investigations function in United Nations system organizations (JIU/REP/2000/9)

4. The report aims at enhancing the capability of United Nations system organizations for meeting the need for investigations. The inspectors made recommendations with regard to the investigation function at the United Nations system organizations. The following recommendations were made:

Recommendation 1: Common standards and procedures—The third conference of investigators of United Nations organizations and multilateral financial institutions in 2001 should make arrangements for developing and adopting a common set of standards and procedures for conducting investigations in United Nations system organizations.

Recommendation 2: Training for managers—Executive heads of organizations should ensure that managers involved in investigations have sufficient training in the use of established standards and procedures for conducting investigations.

Recommendation 3: Meeting the need for a professional investigations capability—Each executive head should conduct a risk profile of his/her organization as an initial basis for issuing a report to the appropriate legislative organ on the organization's need for access to professionally trained and experienced investigators. This report should indicate those measures that the executive head would recommend as necessary to meet this need.

Recommendation 4: Options for financing access of small organizations to a professional investigations capability—Executive heads of small organizations should present to their appropriate legislative organs options for financing the access that may be necessary for their organizations to professionally trained and experienced investigators such as, inter alia, the use of common services and/or outsourcing (including within the United Nations system).

Recommendation 5: Preventive measures based on proactive investigations and lessons learned—Executive heads should ensure that work programmes of units responsible for investigations include the development of preventive measures based on proactive investigations and lessons learned from completed investigations.

Recommendation 6: Conferences of United Nations investigators—Conferences of investigators of United Nations organizations and multilateral financial institutions should continue to develop opportunities, including those external to the system, to foster inter-agency cooperation regarding the investigations function in areas such as those indicated in the report.

Views of UNIDO

5. UNIDO participates actively in the system-wide debate aimed at strengthening the investigation function. The third conference of investigators initially planned to take place at World Bank Headquarters in Washington, D.C., in September 2001 was finally held in March 2002, with UNIDO as an active participant. Discussions focused mainly on formulating and agreeing upon a common set of system-wide standards (recommendation 1). That process is continuing with further refinements taking place at the next meeting of Representatives of Internal Audit Services of the United Nations organizations and multilateral financial institutions in June 2002.

6. UNIDO participated in a seminar on fraud, abuse and accountability, held at Lyon, France, in October 2001. The seminar was co-organized by the World Food Programme and Interpol for internal oversight offices of United Nations system organizations. UNIDO also participated in a basic investigation course organized through the United Nations Office at Vienna by the Office of the Inspector-General, New York.

7. As indicated in paragraph 5 above, a common set of system-wide standards in investigations discussed at

the third conference of investigators is expected to be finalized at the thirty-third meeting of Representatives of Internal Audit Services of United Nations organizations and multilateral financial institutions in June 2002. The UNIDO Internal Oversight Group conducts a risk assessment review at the beginning of the year in order to come up with its work programme. Moreover, and particularly for ad hoc investigations, the Director-General releases specific funds for the recruitment of specialized expertise. For example, in a recent investigation forensic handwriting expertise was retained from both an individual local consultant and an international investigation firm.

8. UNIDO recognizes that there is merit in the concept of supplementing skills through the use of external resources, particularly since the scale of UNIDO's internal oversight function does not allow the retention of pools of highly specialized staff.

9. UNIDO's Internal Oversight Group conducts a yearly risk assessment review. The Group has also implemented a computerized oversight management system that will progressively enable access to past investigations (and related supporting data) in a much faster time frame than previous manual storage systems. It progressively replaces the UNIDO Intranet-based postings of recommendations and lessons learned derived from the Internal Oversight Group audits, inspections, investigations, comments and observations.

10. As indicated above, UNIDO takes advantage of its participation in conferences and other seminars to cooperate more closely with its colleagues involved in investigations in the United Nations system. This has already been the case on specific technical cooperation projects involving other agencies. UNIDO is also striving to promote closer inter-agency cooperation and exchange of information for the recovery of funds identified as unduly spent by organizations as identified by investigations.

B. United Nations system support for science and technology in Latin America and the Caribbean (JIU/REP/2001/2)

11. The report aims at assessing the relevance and effectiveness of the technical cooperation provided by organizations of the United Nations system to endogenous capacity-building in science and technology in Latin America and the Caribbean. Recommendations were as follows:

Recommendation 1: United Nations system joint programme for science and technology for development—In order to enable the Member States to address more comprehensively the opportunities and risks represented for global society and international economic relations by the ongoing prodigious advances in science and technology, and to give programmatic expression to relevant provisions of the Group of 77 and China South Summit Declaration in Havana in April 2000, the Summit Declaration of the Group of 8 industrialized countries in Okinawa in July 2000, and the Secretary-General's key proposals on science and technology to the United Nations Millennium Summit in September 2000, the United Nations Commission on Science and Technology for Development may wish to discuss the desirability, feasibility and timeliness of a United Nations system joint programme for science and technology, modelled on UNAIDS, for reasons and purposes discussed in paragraphs 114 to 125 of [the JIU] report, and to make appropriate recommendations to the Economic and Social Council.

Recommendation 2: Capacity-building in information technology (IT)

(a) ECLAC should further expand its use of information technology as a cross-sectoral and cross-programme tool in order to enhance programmatic coordination and internal work-process efficiencies, and to assist its member countries more effectively in the implementation of the Declaration of Florianopolis (Brazil) of 21 June 2000.

(b) The United Nations Development Group and specialized agencies should study [the Inter-American Development Bank's] policy and operational approaches to IT capacity-building in Latin America and the Caribbean, in order to derive lessons that could be applied in other developing regions.

Recommendation 3: Latin American Economic System (SELA)—Pursuant to several General Assembly resolutions, in particular resolution A/RES/54/8 of 18 November 1999, United Nations system organizations active in Latin America and the Caribbean should intensify their cooperation with SELA's science and technology initiatives, especially in TCDC.

Recommendation 4: Science and technology networks—United Nations system organizations should assess the viability, benefits and experiences of the numerous science and technology networks in Latin America and the Caribbean, in order to identify possible areas for strengthening South-South cooperation, and for extending lessons learned to other developing regions in line with the Declaration of the Group of 77 and China 2000 South Summit. Particular emphasis should be placed on linking the research programmes in universities, and other tertiary institutions to the priority economic and social needs of the population, and the best research programmes should be encouraged with funding from the public and private sectors.

Recommendation 5: UNCTAD-supported science, technology and innovation policy reviews (STIP)

(a) UNCTAD should involve other relevant United Nations system organizations more fully in future STIP reviews and the lead agency role could rotate among the participating organizations depending on the area of emphasis of each review.

(b) Subject to the wishes of the Governments concerned, the STIP reviews should in future focus more sharply on the essential core of the national science and technology system.

(c) The final review reports should be significantly simplified to make them user-friendly for policy makers and a separate ten-page summary version of each report should be prepared for host government officials and for the Commission on Science and Technology for Development (CSTD).

Recommendation 6: Environmental information exchange network (UnepNet)—UNEP should evaluate UnepNet's current performance and diffusion in Latin America and the Caribbean to determine its continuing impact in the region and explore the possibility of extending the network to other developing regions as an interregional information exchange mechanism.

Recommendation 7: Biotechnology in Latin America and the Caribbean—In view of the multiple potential benefits of biotechnology in the health, agricultural, mineral and other sectors, FAO, UNESCO, UNU, WHO and other relevant agencies should continue to monitor the practical results of biotechnology research and development institutions in the region. They should assist these institutions in (a) building synergies for the pursuit of clear-sighted objectives centred on UNU's Biotechnology Programme for Latin America and the Caribbean (UNU/BIOLAC) in Caracas, and the Plant Biotechnology Network for Latin America and the Caribbean (REDBIO); and (b) in the strengthening of their organization, management and resource mobilization capabilities.

Recommendation 8: The Caribbean Food and Nutrition Institute (CFNI)

(a) CFNI should consider the feasibility of developing a more cost-effective system of priorities and modalities for the execution of its programmes, for example by concentrating on fewer courses and other activities to be delivered or financed directly; outsourcing some courses to partner institutions under formal agreements; and focusing more intensely on the preparation of teaching and training materials and methodologies to promote the incorporation of nutrition courses in school curricula at various levels.

(b) WHO/PAHO should assist CFNI in tapping extrabudgetary funding possibilities so as to enable the institute to modernize its information and printing technologies and realize more fully its South-South technical cooperation potential.

Views of UNIDO

12. The report evaluates positively the contribution of UNIDO to the implementation of the mandatory activities and actions of the United Nations system in the field of science and technology for development, especially the Organization's contribution through the project "Regional programme of cooperation in microelectronics" (RLA/86/003).

13. The report identifies strengths and weaknesses of the United Nations system in promoting science and technology for development, which are in principle valid for almost all its areas of action. The UNIDO transformation process has addressed these issues.

14. Emphasis is placed on the growing importance of science and technology in the context of the United Nations system mandate. Having also recognized this importance, UNIDO has already launched a series of initiatives to address this issue, such as the international technology centres, the integration of the promotion of investment and technology, technology foresight programmes for Latin America and the CEE/NIS countries and technology management capacity-building.

15. A fundamental proposal of the report is the need for coordination and integration of the support programmes and services of United Nations organizations, especially with regional organizations. The proposal for a coordinating facility is very interesting for UNIDO, recognized in the report as one of the leading organizations in this field.

16. To meet the requirements and proposals of the report, UNIDO has to address the issues of internal capacity and enhanced mobilization of funds for science and technology support programmes.

17. One weak point of the projects evaluated by the report is the linkage with the productive sector, especially with local industry. This is an area where UNIDO's experience and expertise could be effectively utilized for enhancing the linkages through the provision of United Nations support for science and technology.

18. The priority areas indicated in the report (environmentally-sound technologies, biotechnology and information and communication technology) coincide with the areas selected by UNIDO for concentration. UNIDO should therefore reinforce this concentration with more internal capacity and coordination.

19. A special area of UNIDO interest should be more effective coordination with UNCTAD in developing and

implementing the Science and Technology Policy Reviews, taking an active role in addressing the linkages with and participation of the industrial sector. The proposal of rotating leadership could be an excellent means for UNIDO to strengthen its role in this exercise.

20. It is noted that the regional organizations in Latin America have programmes and activities for promoting science and technology in line with UNIDO services, especially the Economic Commission for Latin America and the Caribbean, the Organization of American States and the Inter-American Development Bank. A special task force should be implemented to monitor and coordinate these actions to avoid duplication and enhance synergies.

21. To facilitate the participation of UNIDO in supporting science and technology for development, a review of the integrated programmes and country frameworks should be carried out to introduce or strengthen its activities in this field.

C. Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports (JIU/REP/2001/4)

22. This represents the only JIU report received since the Board's approval of the pilot scheme (IDB.24/Dec.11). In line with the provisions of the pilot scheme, copies of the report were distributed to the permanent missions on 21 January 2002. The following recommendations were made by JIU:

Recommendation 1: The legislative organs may wish to adopt, as a matter of principle, the following modus operandi for enhancing the effectiveness of their oversight functions:

(a) Following the intent of the United Nations General Assembly as expressed in resolution 50/233 and decision 55/461, list thematic oversight reports, as far as feasible and practical, under the appropriate substantive agenda items, together with any other relevant reports listed under the same agenda items;

(b) When more than one report (including an oversight report) is listed under a specific agenda item, review all the relevant parts of the reports listed in a comprehensive and coordinated manner;

(c) Link fully the review made in (b) above to setting policy and/or management directives on the issue (under the agenda item) in question, with specific legislative actions on the strategic/policy matters whenever required;

(d) In addition, make organizational arrangements to ensure that consideration of programme matters is linked systematically to the consideration of administrative/budgetary/financial matters;

(e) Furthermore, consider/verify, either separately or as a part of the review exercise in (b) above, secretariat compliance with approved oversight recommendations while ensuring, at the same time, reinforcement of a system of secretariat accountability and responsibility.

Recommendation 2: In applying the modus operandi in recommendation 1 above, the legislative organs, depending on the existing arrangements, may wish to adopt measures to rationalize or strengthen governance structures as well as their working methods along the lines indicated below:

(a) For the organizations with more than one committee (covering oversight at least as a part of the terms of reference, and subsidiary to the "executive" legislative organ) (FAO, ITU, UNESCO and WHO):

(i) Consolidate (or convert) the existing committees basically into two, i.e. programme and administrative/budget/finance committees (option 1); or

(ii) Establish a single standing committee as subsidiary to the "executive" legislative organ by consolidating the existing committees (option 2);

(b) For the organizations with a single committee (ILO, UNIDO, UPU, WIPO, WMO and IAEA), maintain the single committee, but fully embody the modus operandi in Recommendation 1 in respect of its organization and working methods, and for that purpose, broaden, when necessary, its terms of reference and enhance its authority regarding all oversight matters excluding purely technical areas;

(c) For the organizations with no committee (United Nations Funds and Programmes, and IMO), what is required is to embody the same modus operandi in the functioning of the "executive" legislative organ itself, with the necessary structural [re-] arrangement (including the possible creation of a sessional committee);

(d) Furthermore, where it is not the case, the "executive" legislative organs, depending upon the size, resources and needs of their respective organizations, could be assisted by a small expert advisory body on administrative/financial and related managerial questions reporting to the administrative/budget/finance

committee/the single committee or direct to the "executive" legislative organ (IMO).

Recommendation 3: In the interest of efficiency, effectiveness and economy in governance oversight, and drawing on practices in some of the United Nations organizations, the legislative organs, where applicable, may also wish to review the following questions:

(a) Numerical composition of the "executive" legislative organs and/or their subsidiary committees, including an option of maintaining a limited/elected core membership of the committees where such is the practice, while allowing wider participation as observers by interested members of the "executive" legislative organs;

(b) Expertise and experience of the members of the "executive" legislative organs and/or their committees covering oversight, which should be represented or accompanied, to the extent possible, by individuals having managerial expertise in administrative and financial matters in addition to technical knowledge of the work of the organizations concerned;

(c) Frequency and duration of the sessions, including, inter alia, the possibility of less frequent and shorter sessions, with more streamlined agendas and focused considerations on issues requiring legislative actions; as well as

(d) Travel and subsistence allowance paid to the delegates, as far as such practices are in existence, including the possibility of abolishing such practices (entirely, or partially; e.g. maintain travel allowance only) as a matter of principle with due regard, however, to the capacity of countries, in particular the least developed countries, to finance their representation.

Recommendation 4: As a supplement to the measures being/to be taken to improve handling reports prepared by oversight mechanisms, the Executive Heads, following the practice mandated by the General Assembly for the United Nations in its resolution 52/220 II (para. 8), should include in the individual sections of programme [and] budget, a summary of the relevant recommendations and related follow-up actions taken.

Views of UNIDO

23. As stated in the report, "the legislative organs perform their oversight role by reviewing and acting on relevant documentation submitted mainly by the secretariats, external oversight mechanisms (external auditors including Board of Auditors, and JIU) and in some instances also internal oversight mechanisms." In UNIDO, based on the functions of the legislative organs as specified in the Constitution, it is primarily the Industrial Development Board ("single committee"), supported by the Programme and Budget Committee, which exercises the oversight role. In addition to the annual reports on activities of the Organization and other documentation submitted by the Director-General and the Secretariat, the Board considers reports of the External Auditor and recommendations of the Programme and Budget Committee thereon. The approach to the consideration by the Board of JIU reports was the subject of discussion at its twenty-second, twenty-third and twenty-fourth sessions, and resulted in the pilot scheme of follow-up to JIU recommendations (decision IDB.24/Dec.11).

24. Recommendation 1 emphasizes the importance of linkages at various levels. The emphasis placed by UNIDO on efficiency both in the governing bodies and at the operational level reflects the extent to which linkages are employed to enhance efficiency at all levels. For example, substantive questions are covered by the annual report except in cases where the governing bodies specify that an issue should be considered separately. Also, the programme and budget proposals link systematically programme matters with administrative, budgetary and financial considerations.

25. In accordance with the functions assigned to it by the UNIDO Constitution and in the rules of procedure, it is considered that the terms of reference of the Board are sufficiently broad, and that its authority is sufficient to carry out effectively its oversight function (recommendation 2).

26. Recommendation 3 covers a number of points related to the approaches for the interaction of Member States in the oversight role exercised by the legislative organs, the duration of sessions and the financing of participation therein. The following comments apply to UNIDO:

(a) Increased informal interaction with Member States has resulted in resource economies for Board sessions. Pre-session presentations of issues for consideration, featuring the involvement of permanent missions to UNIDO, regional groups, and sometimes the Bureau ensures the full awareness of interested Member States and facilitates progress in achieving a common position, thereby enabling the session to finish its work in the limited time available. Furthermore, the informal practice of "enlarged Bureau" meetings to prepare sessions ensures broader representation by including chairpersons of all regional groups as well as members of the Bureau (officers of the respective governing body). In accordance with the rules of procedure, sessions themselves feature the participation of members of the respective organ as well as non-voting observers;

(b) It is a matter for Member States to include in their delegations individuals having managerial expertise in administrative and financial matters and the technical knowledge required;

(c) Considerable progress has been made by the UNIDO governing bodies since the mid-1990s in reducing the duration of sessions (see para. 26 (a) above). In particular, the frequency and duration of sessions of the Board was discussed at its resumed eighteenth session in November 1997 and resulted in the adoption of decision IDB.18/Dec.17;

(d) Article 12 of the Constitution of UNIDO states: "Each Member and observer shall bear the expenses of its own delegation to the Conference, to the Board or to any other organ in which it may participate."

27. Recommendation 4 is directed to the executive heads of organizations. A constructive dialogue between UNIDO and JIU resulted in the adoption of Board decision IDB.24/11 and of the pilot scheme for follow-up of JIU recommendations outlined in document IDB.24/18. UNIDO supports the follow-up of JIU recommendations by integrating these into the new UNIDO oversight recommendations tracking system. The installation of internal oversight software in the last quarter of 2001 enables extensive use of electronic papers and facilitates the tracking of implementation of oversight recommendations.

II. ACTION REQUIRED OF THE BOARD

28. In compliance with the provision of the Statute of JIU, resolution 48/221 of the General Assembly, and paragraph 9 of the pilot system of UNIDO follow-up to JIU recommendations, the Board may wish to review the recommendations of the JIU together with the views of UNIDO thereon. The Board is invited to take specific decisions with regard to those recommendations requiring legislative action, which in the context of the present document relates to recommendations 1-3 in the report on governance and oversight (JIU/REP/2001/4), covered in chapter I.C above.